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REWARDING RELATIONSHIPS

MSEARCH

INITIAL PUBLIC OFFER (IPO)
08-09-2025

URBAN COMPANY LTD 10-09-2025 TO 12-09-2025

Recommendation: Subscribe with Risk
Industry: Tech-enabled home and personal services platform

Price Band: ₹98-103
Post Implied Market Cap: – 14,095 Cr - ₹ 14,790 Cr

Key Data

Issue Size (₹ Cr)	1,900
Fresh (₹)	472
OFS (₹)	1,428
No of shares	45848481
Face Value (₹ /share)	1
Bid Lot	145

Indicative Timetable

Activity	On or about
Finalisation of Basis of	15/09/2025
Refunds/Unblocking ASBA	16/09/2025
Credit of equity shares to DP A/c	16/09/2025
Trading commences	17/09/2025

Shareholding (No. of shares)

Pre-Issue	1,390,053,450
Post Issue (Lower price band)	1,438,242,512
Post Issue (Higher price band)	1,435,901,931

Shareholding Pattern

Promoters

Pre Issue	21.1%
Post Issue	20.43%

Investor Selling Shareholder

Pre Issue	37.48
Post Issue	26.63

Public - Others:

Pre Issue	41.42%
Post Issue	52.94%

Issue Breakup

QIB	75%
NIB	15%
Retail	15%

Other Details

BRLMs: Kotak Mahindra Capital, Morgan Stanley, Goldman Sachs (India), JM Financial

Registrar: MUFG Intime India Pvt. Ltd.

Listing: BSE & NSE

Research Analyst

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About the Company

Urban Company is a tech-driven, full-stack online marketplace offering home and beauty services such as cleaning, pest control, repairs, grooming, and wellness. It operates across three segments—India consumer services, Native, and International—and serves 51 cities (47 in India, plus UAE and Singapore), with an additional presence in Saudi Arabia through a JV. Services are delivered by trained independent professionals at customer convenience.

Investment Rationales

- **Multi-category, hyperlocal, home services marketplace benefits from network effects:** Urban Company operates its platform on a hyperlocal model, dividing cities into over 12,000 micro-markets, each covering a 3–5 km radius, to reduce travel distance for professionals and enable faster service fulfilment. This structure allows the platform to benefit from strong network effects, as deeper penetration and scale improve efficiency and enhance value for both consumers and service providers. As consumer demand grows and quality experiences build trust, the company expands its service offerings within micro-markets, further strengthening its proposition. Notably, the platform's appeal among professionals is reflected in the fact that 83% of new partners between FY23 and FY25 joined through referrals or organic word-of-mouth.

- **Established brand trusted by consumers:** Company has built its brand around trust, quality, and convenience, becoming India's most searched online home services platform (Jan 2024–Mar 2025, Redseer). By June 2025, it facilitated 14.6 million unique consumer transactions, with nearly half (6.8 million) acquired in the last three years. Retained customers consistently deepen engagement, with the 2018 cohort expanding service adoption from 1.25 categories to 5.6 by FY2025.

- **Improved quality of service professionals through in-house training and access to tools and consumables:** Company invests heavily in training and upskilling its service professionals through 339 trainers, 247 classrooms, and category-specific programs, ensuring quality delivery. Professionals keep ~72% of service fees, with high performers (30+ orders/month) earning ₹ 33,600 on average in FY2025. Access to quality tools, tier-based progression (Bronze–Gold), and strong earnings potential drive retention, with repeat professionals contributing 83.6% of India NTV in FY2025 (up from 73.2% in FY2023).

- **Robust technology platform powering service fulfilment, consumer growth and service professional empowerment:** Company embeds technology across its operations to drive scalability, quality, and efficiency. Its unified tech stack enables faster rollout of hyperlocal services, while the consumer app offers personalized, data-driven recommendations and GenAI-powered support. For service professionals, the dedicated app manages onboarding, scheduling, training, and feedback, with built-in tools like diagnostic flows, image/barcode scans, and GenAI workflows to ensure quality and accurate service delivery.

- **Innovation and product development capabilities:** The company has a strong record of scaling innovative products for service professionals. Key recent launches include 'Native' water purifiers (2-year lifespan, low maintenance), electronic door locks with built-in cameras for visitor management, and 'Co-Pilot', a diagnostic tool that helps service professionals assess appliances and generate consumer-friendly repair reports.

Risk

- Intense competition from offline players.
- Company's two business operations i.e. native and International are in loss.

MView

We believe Urban Company Ltd's IPO offers investors an opportunity to participate in India's leading tech-enabled home and beauty services platform, with proven scalability across 12,000+ micro-markets in India and select international markets. We think its hyperlocal model drives efficiency, network effects and high engagement, while continued investments in professional training, retention and technology (AI-driven recommendations, operational tools and products like 'Native' and 'Co-Pilot') strengthen its competitive moat. By looking at the financials, Urban Company has delivered robust growth, with revenue from operations rising 30.1% in FY2024 and 38.2% in FY2025, alongside a turnaround to net profit of ₹ 239.8 crore (including deferred tax gains), reflecting operational leverage and improved unit economics. On valuation parse at the upper price band of ₹ 103/-, the issue is asking for a market cap of ₹ 14790 cr. Based on FY2026e annualized earnings and the fully diluted post-IPO capital, the company is asking a Market Cap-to-Sales multiple of ~10x, which appears fully priced given current financials. However, we believe the company may command a premium valuation compared to India's other internet tech peers, driven by its stronger unit economics, premium service mix and deeper supply-side integration. These factors, coupled with its early leadership in a large and underpenetrated services market, position it for a scalable and profitable growth trajectory. A Sustained high growth and margin expansion are essential to justify this valuation, leaving limited room for near-term re-rating. Hence, we recommend risk-tolerant investors seeking exposure to the rapidly expanding home services sector to 'SUBSCRIBE WITH RISK" the Urban Company Ltd IPO for a long-term perspective only.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

	3 Months end Jun' 30th		As at March' 31		
Particulars ₹ (in Cr)	**2025**	**2024**	**2025**	**2024**	**2023**
Equity Share Capital	48.98	0.02	48.98	0.02	0.02
Net Worth	1829.68	1389.62	1795.82	1292.64	1339.46
Revenue From Operations	367.27	280.86	1144.47	828.02	636.6
Revenue Growth (%)	30.77	-	38.22	30.07	-
EBITDA as stated	-4.79	-3.36	-31.54	-146.7	-364.24
Adj. EBITDA	21.07	4.82	12.09	-119.01	-297.69
EBITDA Margin (%)	0.06	0.02	0.01	-0.14	-0.47
Profit After Tax	6.94	12.62	239.77	-92.77	-312.48
Return on Net Worth (%)	0.38	0.91	13.35	-7.18	-23.33
NAV Asset Value (₹)	12.48	9.8	12.46	9.19	9.64
EPS - Basic (₹)	0.05	0.09	1.66	-0.66	-2.25

(Source: Company RHP)

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Msearch’s Recommendation (Absolute Performance)
Buy: > 20% within the next 12 Months
Accumulate: 5% to 20% within the next 12 Months
Sell : < -20% within the next 12 Months

PRASHANTH TAPSE

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